

**Notice of Allowability**

Application No.

09/574,294

Examiner

James Alpert

Applicant(s)

BODURTHA ET AL.

Art Unit

3693

**-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address--**

All claims being allowable, PROSECUTION ON THE MERITS IS (OR REMAINS) CLOSED in this application. If not included herewith (or previously mailed), a Notice of Allowance (PTOL-85) or other appropriate communication will be mailed in due course. **THIS NOTICE OF ALLOWABILITY IS NOT A GRANT OF PATENT RIGHTS.** This application is subject to withdrawal from issue at the initiative of the Office or upon petition by the applicant. See 37 CFR 1.313 and MPEP 1308.

1. ☒ This communication is responsive to 6/28/06 and 08/04/2006.
2. ☒ The allowed claim(s) is/are 1-2, 4-6, 24, 25, 30, 34 and 39.
3. ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some\* c) ☐ None of the:
1. ☐ Certified copies of the priority documents have been received.
2. ☐ Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.
3. ☐ Copies of the certified copies of the priority documents have been received in this national stage application from the International Bureau (PCT Rule 17.2(a)).

\* Certified copies not received: \_\_\_\_\_.

Applicant has THREE MONTHS FROM THE "MAILING DATE" of this communication to file a reply complying with the requirements noted below. Failure to timely comply will result in ABANDONMENT of this application.

**THIS THREE-MONTH PERIOD IS NOT EXTENDABLE.**

4. ☐ A SUBSTITUTE OATH OR DECLARATION must be submitted. Note the attached EXAMINER'S AMENDMENT or NOTICE OF INFORMAL PATENT APPLICATION (PTO-152) which gives reason(s) why the oath or declaration is deficient.
5. ☒ CORRECTED DRAWINGS (as "replacement sheets") must be submitted.
- (a) ☒ including changes required by the Notice of Draftsperson's Patent Drawing Review (PTO-948) attached
- 1) ☒ hereto or 2) ☐ to Paper No./Mail Date \_\_\_\_\_.
- (b) ☐ including changes required by the attached Examiner's Amendment / Comment or in the Office action of Paper No./Mail Date \_\_\_\_\_.
- Identifying indicia such as the application number (see 37 CFR 1.84(c)) should be written on the drawings in the front (not the back) of each sheet. Replacement sheet(s) should be labeled as such in the header according to 37 CFR 1.121(d).
6. ☐ DEPOSIT OF and/or INFORMATION about the deposit of BIOLOGICAL MATERIAL must be submitted. Note the attached Examiner's comment regarding REQUIREMENT FOR THE DEPOSIT OF BIOLOGICAL MATERIAL.

**Attachment(s)**

1. ☒ Notice of References Cited (PTO-892)
2. ☒ Notice of Draftsperson's Patent Drawing Review (PTO-948)
3. ☐ Information Disclosure Statements (PTO/SB/08), Paper No./Mail Date \_\_\_\_\_
4. ☐ Examiner's Comment Regarding Requirement for Deposit of Biological Material
5. ☐ Notice of Informal Patent Application
6. ☐ Interview Summary (PTO-413), Paper No./Mail Date \_\_\_\_\_
7. ☒ Examiner's Amendment/Comment
8. ☒ Examiner's Statement of Reasons for Allowance
9. ☐ Other \_\_\_\_\_

## **DETAILED ACTION**

### ***Continued Examination Under 37 CFR 1.114***

A request for continued examination under 37 CFR 1.114, including the fee set forth in 37 CFR 1.17(e), was filed in this application after final rejection. Since this application is eligible for continued examination under 37 CFR 1.114, and the fee set forth in 37 CFR 1.17(e) has been timely paid, the finality of the previous Office action has been withdrawn pursuant to 37 CFR 1.114. Applicant's submission filed on 06/28/2006 has been entered.

### ***Status of Claims***

In the submission of 06/28/2006, Claims 1 & 3 are currently amended. Claims 2, 4, 24-25, 30, 34, 39 are previously presented. Claims 7-23, 26-29, 31-33, 35-38, and 40-50 are canceled, so Claims 1-6, 24-25, 30, 34, and 39 are currently pending.

## **EXAMINER'S AMENDMENT**

An examiner's amendment to the record appears below. Should the changes and/or additions be unacceptable to applicant, an amendment may be filed as provided by 37 CFR 1.312. To ensure consideration of such an amendment, it **MUST** be submitted no later than the payment of the issue fee.

Authorization for this examiner's amendment was given in a telephone interview with Steven Underwood, Registration #47205, of Morgan, Lewis & Brockius, on 09/27/2009. The application has been amended as follows (see the following page):

**CLAIM 1.**

A system for managing one or more Security Receipts, each said Security Receipt evidencing a beneficial interest in a plurality of pre-existing underlying securities, said securities including at least two securities associated with entities independent of each other, the system comprising:

a computer system with associated memory for storing data relating to the underlying securities, including data regarding a Trust holding said underlying securities, and the one or more Security Receipts;

wherein said computer system is operable to manage transactions associated with said Security Receipts, said transactions comprising one or more of:

issuance of said one or more Security Receipts having said beneficial interest, based on said underlying securities;

acceptance of a deposit of said underlying securities in exchange for one or more newly issued Security Receipts; and

cancellation of one of said one or more Security Receipts in exchange for said underlying securities.

**CLAIM 3. CANCELED**

**Allowable Subject Matter**

Claims 1-2, 4-6, 24-25, 30, 34, & 39 are allowed.

### **Reasons for Allowance**

As to the rejections under 35 U.S.C. 112, Applicants' amendments and arguments have been considered, and are persuasive. These rejections are withdrawn.

Before detailing the patentable distinctions of the instant invention over the prior art, the Examiner must state for the record that the term "Security Receipt," as used in the claims, has a specific and specialized meaning. Applicants have expressly noted this fact in their remarks, received in the Office on May 28, 2004, at page 14, where they state:

... the term "Security Receipt" is not to be understood in some generic way, but instead is intended to be a defined term, understood according to the meaning given to it in the specification (see page 5).

In this regard, the Examiner would like to recite those passages of the specification that he has referred to in understanding the specific meaning of "Security Receipt." Applicants' specification at page 4, lines 5-10 states:

... a Security Receipt ... is derived from a basket of underlying securities and transfers rights in the underlying securities to the holder of the receipt. These rights include essentially all the rights that shareholders receive in the securities had the investor bought the underlying shares, including voting rights, dividend income, etc.

Page 5, lines 7 -10, continues,

Security Receipts are depository receipts issued by a Trust that are intended to provide investors with a less costly way to purchase, hold, and transfer securities, both debt and equity, and preferably U.S. equities.

Page 5, lines 14-19, finishes the definitional aspect of the invention by stating:

Security Receipts are traded on one or more established exchanges, thus providing a market for investors to purchase and sell Security Receipts. An investor who owns a Security Receipt preferably has the same rights, privileges, and obligations as the investor having beneficial ownership of the stocks underlying the Security Receipt. This includes, for example, the right of the investor to vote the common stock and to receive dividends (if declared by the issuer of the deposited security).

The remainder of specification detail how Security Receipts are created, traded, canceled, etc. The Examiner has also found it necessary to rely on a clear meaning of the term "beneficial interest" in understanding the nature of a Security Receipt. Applicants again have emphasized the importance of this concept. From the same page of remarks as above, the Applicants state:

Second, the term "beneficial" also has a specific and important meaning. As is made clear in the specification, prior art attempts at permitting investors to invest in a "basket" of securities all shared one important deficiency: they failed to provide certain rights (including, for example, voting rights) that typically accompany ownership of an ordinary security. These rights and subsets thereof are described in the specification as related to "beneficial" ownership (see, for example, page 5, line 17).

The Examiner also has found useful this definition of "beneficial interest" from the law.com dictionary (see Notice of References Cited):

**Beneficial interest**

n. the right of a party to some profit, distribution, or benefit from a contract or trust. A beneficial interest is distinguishable from the rights of someone like a trustee or official who has responsibility to perform and/or title to the assets but does not share in the benefits.

See also: contract trust.

Thus the Examiner accepts Applicants' specially defined terms and understands the concept of a Security Receipt to be a tradable certificate or receipt that represents an underlying basket of securities, wherein the title to the underlying shares does not necessarily reside with the receipt holder, but the benefits and duties of those shares pass thru to the owner of the receipt. This is consistent with Applicants' use of the terms "Security Receipt," "Trust," and "beneficial interest" in the claims. The Examiner would also like to note that it his understanding that Security Receipts are commonly known as HOLDRS which is an acronym for Holding Company Depository Receipt.

See the Investopedia.com definition of HOLDR, as indicated on the Notice of Reference Cited.

The closest prior art of record is the Telebras HOLDR'S binder (hereinafter "TLBH"). TLBH does disclose the issuance of a receipt representing shares in underlying securities. However, there are several distinctions between the depository receipts as described in TLBH, and the Security Receipt that is contemplated by the instant invention. As taught in TLBH, the depository receipt in that instance was related to the expected breakup of a single company, Telebras, into 12 new companies. As well, TLBH expressly denies, as of the time of publication of the reference, voting rights in the underlying shares to the receipt holder. In summary, TLBH does not teach the following aspects of Applicant's claimed invention:

- (a) Security Receipts evidencing beneficial ownership in a plurality of pre-existing securities;
- (b) Security Receipts evidencing beneficial ownership in pre-existing securities associated with entities independent of each other;
- (c) Security Receipts evidencing beneficial ownership wherein one benefit is the right to vote the underlying shares.
- (d) Security Receipts evidencing issuance of a Security Receipt evidencing a beneficial interest in a plurality (or basket) of securities.

At the actual time of issuance of a Telebras HOLDR, the receipt was to evidence an interest in only one underlying share of Telebras, and the receipt itself resembled something akin to an American Depository Receipt (ADR). TLBH further fails to teach:

- (e) the complex computer system required to create and manage the claimed Security Receipts.

There is no teaching or suggestion in TLBH as to how one could create a Security Receipt as claimed, let alone manage the myriad complex transactions involved with trading such Security Receipts. Such transactions include, among other things, accepting further deposits of securities and cancellation of existing Receipts in exchange for underlying securities.

The distinctiveness between the current Security Receipts and the depository receipts disclosed in TLBH are simply too numerous and significant to argue that a modification to TLBH could be achieved, without impermissibly resorting to Applicant's disclosure in hindsight. Claims 1-2, 4-6, 24-25, 30, 34, & 39 are thus allowed because the best prior art of record, TLBH, alone or in combination, neither discloses nor fairly suggests the limitations, *in a system for managing one or more Security Receipts, each said Security Receipt evidencing a beneficial interest in a plurality of pre-existing underlying securities, said securities including at least two securities associated with entities independent of each other, the system comprising a computer system wherein: said computer system is operable to manage transactions associated with said Security Receipts, said transactions comprising one or more of:*

*issuance of said one or more Security Receipts having said beneficial interest, based on said underlying securities;*

*acceptance of a deposit of said underlying securities in exchange for one or more newly issued Security Receipts; and*


*cancellation of one of said one or more Security Receipts in exchange for said underlying securities.*

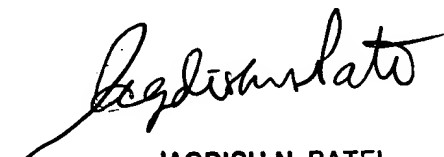
Any comments considered necessary by applicant must be submitted no later than the payment of the issue fee and, to avoid processing delays, should preferably accompany the issue fee. Such submissions should be clearly labeled "Comments on Statement of Reasons for Allowance."

**Conclusion**

Any inquiry concerning this communication or earlier communications from the examiner should be directed to James Alpert whose telephone number is (571) 272-6738. The examiner can normally be reached on M-F, 9:00-5:30. If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, James Trammel, can be reached on (571) 272-6712. The fax phone number for the organization where this application or proceeding is assigned is (571) 273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197. Respectfully presented,

  
James M. Alpert  
September 29, 2006

  
JAGDISH N. PATEL  
PRIMARY EXAMINER